

It Won't Be Boring

During his concert at Madison Square Garden for his 50th birthday, David Bowie allegedly said "I don't know where I'm going from here, but I promise I won't bore you." When I reflect on this quote, I think about how relevant it is to the stock market and investments. There are undoubtedly billions, probably trillions, of dollars spent in and on the investment market each year as "experts" try to predict where the market is going. Most of these experts likely do not enjoy these exercises because they know the results of short-term predictions are destined to fail. The simple fact is, nobody knows where the market is going in the short term. If they did, they would be in a class of investors reserved for the likes of Warren Buffett or Peter Lynch. They would be known the world over. This certainly has not stopped many from trying to sell their predictions on the market and to use these predictions to grab the attention of the greater public. Certainly, nobody that rides the roller coaster of the stock market is bored. We often say that the way we invest at Legacy Wealth Management is boring with expected long-term annualized results in the 5-7% range for a Moderately Aggressive portfolio. We've met and or exceeded that Moderately Aggressive planning goal for the last five years when invested consistently for the full period and it certainly has not been boring. In fact, when you look at the S&P 500, four of these five years have experienced gains of over 18%. The other year, a market decline of over 18%. Rarely does any individual year produce "average" returns. The market is volatile, it is unpredictable, it is emotional, but if you can stay the course history has shown that the rewards of disciplined investing are certainly worth the risk.

2024 was another great year for investment markets. Many indices reached new all-time highs including the S&P 500 which rallied over 20% on the year even with much uncertainty. Inflation continues to run ahead of the Fed's preferred level but has certainly come off its highs. The Fed began to cut interest rates which lowers rates available on checking/savings/deposit accounts. The US had an election. Multiple wars are currently ongoing throughout the world. These factors create uncertainty and unknowns for the markets. They are also temporary and have little impact on long-term market trends which are driven by earnings and demographics. Legacy's goal is to help you create a financial plan that allows you to be confident amid the uncertainty. We can help you create a plan that gives you peace of mind by focusing on what is within your control so you can worry less about everything that is out of your control. This will help concentrate your habits into the necessary action steps needed to be able to retire on your terms. If you have not completed a financial plan, please reach out to your Relationship Manager and ask for one.

So, if you ask me what I think is going to happen with the stock market in 2025, I'll channel my inner David Bowie and tell you I don't know where the market is going from here, but I promise it's not likely to be boring. However, if you build a solid financial plan and follow those savings goals, the boring long-term habits will help you to retire on your terms.

2025 Financial Planning Outlook

The new year is a great time for reflection and goal-setting - especially when it comes to your financial wellness. As you're planning for 2025 and beyond, it's important to note a few changes in the IRS landscape that may impact your decision-making.

1. **Updates to the SECURE Act 2.0 can help you save more for retirement.** Beginning Jan. 1, you can contribute \$23,500 per year to your retirement plan, up \$500 from 2024. If you're over 50, you can contribute an additional \$7,500, and if you're between the ages of 60 and 63, you can contribute an additional \$3,750 on top of the \$23,500 and \$7,500. This is known as the super catch-up contribution and is new starting in 2025. All this to say, now is the time to increase your savings for the retirement you deserve. And remember, maximizing your retirement savings can also lower your taxable income and potentially reduce your tax liability for the current year.
2. **Expiration of the 2017 Tax Cuts and Jobs Act (TCJA) at the end of 2025 could impact your taxes in 2026, namely by raising your individual tax rate.** The current tax code is set to "sunset" or revert to the prior tax code at the end of 2025. But don't worry just yet. We expect to see the TCJA's second act, which could extend, alter, or even make permanent the current rate. We will continue to monitor legislative developments closely.
3. **Continuing increase of Required Minimum Distribution (RMD) Age for IRA accounts.** We have seen the starting age for RMDs begin at 70.5, increase to 72, and again to 73. The easiest thing to remember is you are not required to withdraw anything from your IRA until age 73. There is one important exception. At age 70.5, you can begin making qualified charitable distributions from your IRA of up to \$108,000. These distributions are considered tax-free and are not included in your adjusted gross income, which can help reduce your Medicare premiums. The RMD age will increase to 75 if you were born in 1960 or later.

Now that you know what's new, we encourage you to take some new action of your own.

1. **Review your retirement contributions.** Are you maximizing contributions to your 401k? Are you receiving the maximum match from your employer? Does your plan offer a Roth 401k? If you are over 50 years old, do you need to make any changes to take advantage of the catch-up contributions detailed above? If you cannot fully max out your retirement plan, can you add 1-2% to your contribution rate, creating habits that will allow you to hit the maximum contribution a few years from now?
2. **Share your 2025 financial goals with us.** Are you wanting to make a large charitable donation in 2025? Is this the year to make your dream vacation a reality? Is it the right time to transfer some wealth to your children?
3. **Schedule a meeting with your Relationship Manager.** What can we do for you to ensure that 2025 is your most intentional year yet when it comes to your finances? Do we need to update your financial plan? Would you like to review your 2024 performance?

We're here to help you however we can. Remember, financial planning can be very complex; but it doesn't have to be hard. We hope you had a wonderful holiday season and wish you a happy, healthy new year.

Get to Know Legacy Wealth Management

	Favorite Book	Favorite Vacation Spot	Favorite Movie	Favorite Memphis Restaurant	Favorite TV Series	Favorite Sports Team
Melissa	Who has time to read?	New York City	Footloose	The Beauty Shop	Lost	Tennessee Vols
Hallie	<i>The Wide Wide Sea</i> by Hampton Sides	Patagonia	Neil Simon's Chapter Two	River Oaks Grill	Ted Lasso	Tennessee Titans
Duncan	Recent - <i>Eisenhower in War and Peace</i> (Jean Edward Smith)	Jackson Hole (been too long)	N/A	Napa Cafe	N/A	Arkansas Razorbacks
Cathy	<i>Man's Search for Meaning</i> by Viktor E. Frankl	On a ship in the Caribbean	Burn Before Reading	River Oaks Grill	The Sopranos	Any team Leo Messi plays for
Lindsey	<i>Saving CeeCee Honeycutt</i>	Park City, UT	Dances with Wolves	Folk's Folly	Friday Night Lights	Tennessee Vols
Rob	<i>1984</i> – George Orwell	Hawaii	The Big Lebowski	Cafe Piazza	Deadwood	The Big Orange
Rebecca	Don't have a favorite book	Fort Morgan	Christmas Vacation	Huey's	Ted Lasso	Grizzlies
Brienne	<i>The Anxious Generation</i> – Johathan Haidt	Zion National Park	The Fall Guy	Memphis Pizza Cafe	Ted Lasso	Memphis Tigers & Grizzlies
Spence	<i>The Wrecking Crew: The Inside Story of Rock and Roll's Best-Kept Secret</i>	Destin	N/A	Flying Saucer	Twin Peaks	Tennessee Vols
Charles	<i>Shoe Dog</i> by Phil Knight	Italy	Caddyshack	Little Italy	Carol Burnett Show	Whatever Team I'm Playing On
Joe	<i>Slough House</i> Series by Mick Herron	NYC	Ocean's Eleven	Sunrise/Tamboli's	Parks and Recreation	Memphis Grizzlies
Eric	<i>A Higher Call</i> by Adam Makos and <i>Shoeless Joe</i> by W. P. Kinsella	Key West	Big Red One	Peabody Lobby Bar	The Sopranos	Ole Miss Rebels
Nick	<i>The Road</i> by Cormac McCarthy	Pickwick Lake	Legends of the Fall	Sunrise	Dexter	Memphis Tigers
Chrissy	<i>Watership Down</i> by Richard Adams	Maui	Gladiator	McEwen's on Monroe	Law & Order	Memphis Tigers
Ren	<i>Range: Why Generalists Triumph in a Specialized World</i> by David Epstein	The Mountains	Remember the Titans	Elwood's Shack	Ted Lasso	Iowa Hawkeyes
Nathan	<i>The Language of Creation</i> and <i>Lord of the Rings</i>	Wherever my bride wants to go!	There Will Be Blood	Houston's - RIP	The Office	Everton Football Club
Tina	Not a reader	Need to find that	Hallmark movie (Any)	Chick-Fil-a	Chicken Sisters	Cowboys
Britt	<i>Gone Girl</i>	Caribbean	Maid in Manhattan	Huey's	Greys Anatomy	Clemson Tigers
Grace	N/A	Florida-30A	27 Dresses	Folks Folly	Suits	Tigers

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